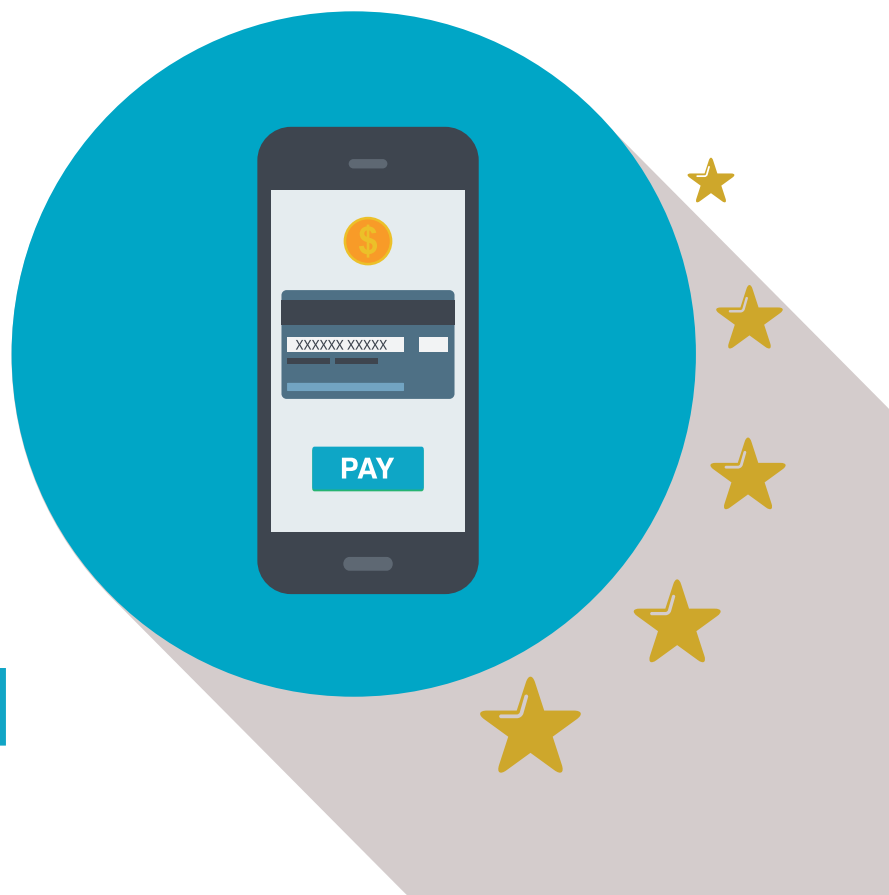


2015

AWARD
REPORT



Online
Banking
New Zealand





Online Banking New Zealand

April 2015

Foreword

As we live an expanding chunk of our lives in the online world, our web interactions have become less of a novelty and more functions-based. This is particularly true of our financial dealings online. Banks are seizing the opportunity to overhaul or improve their websites and the variety of banking you can now do online with the aid of very clever smartphone apps.

We're seeing a procession of advances in this area. Simple things like the ability to check your balance quickly without the need to log in or completing ID requirements online make a world of difference to time-poor customers. There's no doubt that the banks have risen to the demand of this now very different way of interacting with customers.

For the third year, CANSTAR has measured what the banks are doing in the online space. Our extensive research exercise determines the level of online banking functionality and ease of use that New Zealand financial institutions have to offer. Our categories consist of functionalities for online banking through desktop and smartphones or mobiles, and, of course, the overarching virtual umbrella that is the banks' websites.

We hope you enjoy the ride.



Mitchell Watson
Research Manager

MOBILE BANKING: THE NEW ADDICTION



If there was a popularity contest for new technologies, mobile banking might be a top contender. We've embraced it with such fervour across the globe that UK's Juniper Research predicts there will be 1 billion mobile banking users worldwide by the end of 2017, up from 590 million in 2013.

Here in New Zealand we're not lagging behind either. In the absence of up-to-date data – the most recent from Statistics New Zealand was April 2013 and the pace of change has been swift since then – we asked those at the coalface – the banks. All report a hefty increase in activity in the online banking space. In fact, ANZ tells us that mobile banking has now overtaken traditional desktop online banking as the most used form of digital banking.

ASB reports that there have been over 100 million logins across its retail internet and mobile channels, reflecting a high level of customer engagement. This is significant, given New Zealand's population of 4.5 million and ASB's customer base of 1.2 million.

ALL ABOUT OWNERSHIP AND CONVENIENCE

More affordable pricing means consumers are carting around an increasing number of mobile devices, such as smart phones and tablets – and potentially in the future smart watches. Simple convenience is the other, powerful drawcard of online banking and, in particular, mobile banking. The increasingly powerful apps put out by banks are giving customers more freedom and convenience than ever. Customers have the ability to look at their finances, pay a bill, and move money around with greater ease and more immediacy. Checking balances on the go, at Kiwibank and Westpac for instance, often doesn't require logging in to your account.

There's a lot to like about mobile banking. The biggest may be allowing you to manage your account balance on the go when you're actually making purchase decisions that could result in an unwanted overdraft. Maybe that's why checking a balance is one of the most commonly used mobile banking functions, along with transferring funds, paying bills and viewing statements.



Smartphone adoption and the rise of mobile banking tools should help the smaller community banks compete with banks that have a large number of ATMs and branches. If a customer can deposit a cheque by taking a picture of it with their smartphone or check their balance with the touch of a button, a bank's physical presence nearby won't be as important.

There's no doubt mobile banking is on its way to becoming a mainstream way to bank, and that's ultimately a good thing. Not only does it help take care of consumers' banking business without having to drive to a branch, but it also help consumers keep closer tabs on their finances.

WHAT ONLINE BANKING INNOVATIONS ARE WE SEEING?

Clever improvements in apps and user-friendly functionality on banking website interfaces are constantly enhancing the customer experience with this increasingly popular method of banking.

This year, our third time researching New Zealand's Online Banking, we've noticed a concerted drive by banks towards improvement in useability and core features. Some changes are big, others smaller but destined to make a huge impact on user convenience.

Home loans, for instance. ASB is leading the way with an extra home loan payment feature that allows you to make an extra home loan payment in real-time from your mobile phone. A clear display will show you the savings impact that particular amount will have on your loan should you continue to make the

Extra Payment

Your extra payment will come from account 12-3031-0178614-01 with an available balance of \$136,817.69. If you need additional funds to make your extra payment, transfer money into this account first.

\$1,000 **Calculate**

Choose how your future repayments will be impacted

☒ **Pay my loan off faster by keeping my repayments the same.**

Save 3 Months*

Off your current term remaining of 4 Years at current repayments and interest rates.

Estimated term remaining: **3 Years 9 Months**

Estimated interest savings: **\$638.94**

New loan balance: **OD \$20,592.33**

Keep repayments at: **\$270.03 per fortnight**

Or

☒ **Reduce my repayments by keeping my term the same.**

Save \$15.97 per fortnight*

Off your current repayments of \$270.03 per fortnight at current repayments and interest rates.

New fortnightly repayments: **\$254.06**

extra repayment in the future. ASB tells us there has been a strong uplift in the number of extra home loan payments, with customers making over 6,000 payments per month from their digital channels, two and a half times higher than the number of payments made in branch or via the contact centre. In less than a year since this feature was launched, mobile now makes up 28% of extra home loan payments at ASB.

Speaking of homes, Kiwibank's Home Hunter – www.homehunter.co.nz – has reinvented home buying for all New Zealanders on smartphones, tablets and desktops. It gives you access to the latest listings and images from RealEstate.co.nz but the big difference is that Kiwibank adds a helpful financial

component to the search. It will give you an idea of what sort of money the property is likely to sell for. It also pre-approves all properties in Home Hunter so any property with a green tick means it's in your

price range

and Kiwibank will lend on it.

If you're on a smartphone or a tablet, you can also scan the streets for nearby homes for sale. And lastly, using the sun finder option at open homes gives you an idea of the sunshine that property receives at any time of the year.

QUICK TRANSFER

Move: **\$20** or **\$40** or **\$50**

From: Joint Account

To: [Payee Name]

MOVE MONEY TO... **MAKE AN IRD PAYMENT** **PAYEES** **UPCOMING PAYMENTS**

QUICK PAYMENTS

Payee	Date	Amount
BNZ - CREDIT CARDS	19-12-2014	5.00
ENRICH	19-12-2014	\$ Amount
ENVIRONMENT SOUTHLAND / SOUTHLAND REGIONAL COUNCIL (HARVEY ST RATES)	19-12-2014	\$ Amount
ENVIRONMENT SOUTHLAND / SOUTHLAND REGIONAL COUNCIL (MILL ROAD)	19-12-2014	7.00
FARMERS - RETAIL FINANCIAL SERVICES	19-12-2014	\$ Amount
FINANCE NOW LTD	19-12-2014	\$ Amount
JOINT ACCOUNT -	19-12-2014	\$ Amount
SOUTHLAND DISTRICT COUNCIL (MILL ROAD RATES)	19-12-2014	\$ Amount
SPARK NEW ZEALAND LTD	19-12-2014	12.00

+ ADD NEW QUICK PAYEE
Tip: You'll need to make sure your Payee has a default account to add it as a Quick Payee

PAY 3 PAYEES NOW

SBS has focussed on giving its customers faster speeds and less scrolling with its newly-designed home page. Available balances can now be displayed on the home page. Quick transfers and quick payments (pay up to 20 payees at once which differs from a batch payment) and instant 12-month payee summary are all features which enhance customers' online banking experience.

Setting up or changing a PIN number is a tiresome chore that usually requires a trip to the bank. Not anymore. According to ANZ, roughly 750,000 customer visits to their branches every year are by customers who have a new card or simply want to reset their forgotten PIN. So ANZ did something about it.

You can now set and change your PINs for any card – eftpos, debit and credit – whenever you wish through ANZ’s internet banking or the goMoney app. This ability to change PIN numbers remotely is an example of a small improvement that has a giant impact. Those 750,000 customers now don’t have to leave work or home to go to an ANZ branch to set up or reset their PINs. The customer can do it on the net or mobile phone anytime, anywhere, including overseas.

Westpac One offers full banking functionality – 120-plus services – on an integrated platform for smartphone, tablet and desktop. Customers don’t need to login to perform high frequency tasks such as checking all account balances and transferring money between accounts. Of course, customers also have the option of logging in through PIN access for full banking services. Helpful functions include using one click to place and remove a temporary block on banking and credit cards if a purse or wallet goes missing. You can now make international payments from mobile devices. Westpac One also allows you to apply for and

activate all everyday banking products – home loans, personal loans, credit cards and term deposits – in less than 60 seconds with instant decisions and straight through processing.

BNZ has been busy enhancing the user functionality of its award-winning YouMoney, giving customers more control, insight and ultimately better decision making around the control of their financial affairs. The improvements include the introduction of personalized, relevant and timely tool tips (which ensure the new features and services are understood and so their value to customers is maximized), ensuring customers have full visibility of their Life and General Insurance products (which can often be an out of sight, out of mind area of personal financial management) and the introduction of improved credit card management and reporting capabilities.

From a social perspective BNZ has launched a dedicated BNZ Community site that enables BNZ customers to connect and share tips and tricks on money and attitudes towards it.

ONLINE BUSINESS BENEFITS

Many of the general features written about in the previous paragraphs are also relevant for day-to-day business operations. However there are a few dedicated online business features that some banks have put in place solely for their business customers.

Kiwibank, for instance, offers customers with Business View the ability to register transactional accounts for automatic Xero feeds. Customers can also register for payment initiation with Xero. This business software compatibility effectively cuts down on accounting work and that’s got to be a bonus. Pre-approved online overdrafts and the ability to easily cancel, reorder or replace Visa Debit or EFTPOS cards are also useful features.

HSBC has doubled its daily global transfer limit from USD \$100,000 to USD \$200,000. It has also introduced the Chinese currency Renminbi (RMB), allowing customers to transfer this previously restricted emerging market currency to other RMB accounts internationally. You can also convert RMB into any other foreign currency. HSBC’s Multi Currency account allows customers to take advantage of movements in exchange rates, as well as earn interest on up to 10 currencies.

Internationally-minded New Zealanders, using a single login, can link HSBC accounts from different countries together via Global View and look at all balances on the one screen. They can then make real-time transfers between accounts in as little as 30 seconds, once again using a single login at any time or day of the year.

Regardless of the depth and breadth of your business, there’s a stack of online options from all banks, large and small, that will certainly help you conduct your business affairs in a more efficient way.



STAY SAFE ONLINE

Security remains a big factor holding people back from using mobile banking. Some feel the security of mobile banking makes them less likely to use it. They believe that transacting on a mobile phone is less secure than on a computer or laptop. That may not remain an impediment though. In the past many thought the whole internet banking thing was way too unsafe for them – yet still the sector’s popularity has ballooned. The opinion of today may not necessarily carry the same weight tomorrow.

Banks place great importance on securing their online systems and dedicate enormous resources to implementing protection for their customers. However there are stock standard measures the user should always take to ensure banking security when online.

The first is the one we are constantly told about – the weak password. “123456” is the worst password imaginable but, amazingly, it’s still the most popular choice, according to web security specialist SplashData. “123456” topped the worst password list two years in a row after knocking off the equally ludicrous “password”, which took the honours in 2012.





It’s clear that some people don’t put much thought into their passwords. Favourites include “qwerty”, “iloveyou” and the cunning “letmein”. If people are told that “123456”

is too short a password, they simply tag “78” on to the end. These passwords might be easy to remember, but they’re the passwords hackers will test first when trying to break into your online accounts. They’re the equivalent of leaving your house key under the door mat and hoping burglars will never think to look there. If your passwords are no better you’re sitting on a security time bomb.

Almost half of online adult New Zealanders have been victims of attempted cybercrime in the last 12 months. This includes computer viruses and malware, credit card fraud, online scams, phishing, identity theft and more, says cybersafety champion, Netsafe – www.netsafe.org.nz Netsafe stresses that using strong, unique passwords on your online accounts and changing your passwords regularly is a great way to improve your security.

You must also ensure you have up-to-date anti-virus software or a security suite installed on your computer – and make sure it is working. Also recommended is to have a firewall installed and turned on. Updating your web browser is also a good idea. Netsafe advises that if you aren’t that confident dealing with technology it may be worth asking a friend or family member for help to ensure you don’t lose anything you have stored on the computer. Or consider supporting your local computer technician by paying for their expert advice.

Top Worst Passwords

	123456
	qwerty
	iloveyou
	letmein



UNDER THE VIRTUAL MICROSCOPE

For the third year running, CANSTAR has undertaken an extensive research exercise to determine the level of online banking functionality and ease of use each New Zealand financial institution has to offer. Our categories consist of banking, website and other features across desk top and mobile platforms.

CANSTAR has collected more than 300 pieces of information on the online capability of each New Zealand institution assessed. Details of the CANSTAR methodology are contained in this document.



**Best Online Banking
New Zealand
2015**

WESTPAC BEST ONLINE BANK

Westpac can be likened to the dark horse in the online banking race. In previous years the bank has been concentrating hard on taking its online banking experience to a new level. Now the dedication is paying off with the launch of 'Westpac One', its market-leading online banking platform. This platform has topped the scores in almost all online banking and website features we looked at to provide a user-friendly online banking service whether your weapon of choice is a desktop computer, smartphone or tablet.

As a customer, there's a lot to like about Westpac's online functionality. Its most impressive features are detailed more thoroughly in a prior section which focuses on innovation. The Westpac One online banking platform which is still evolving and has a lot more in the pipeline, offers self-service – customers can change personal details and modify limits using their smartphone online banking app. They can complete ID verification online – normally a problematic area – and advanced location services put online customers on the right track at all times.

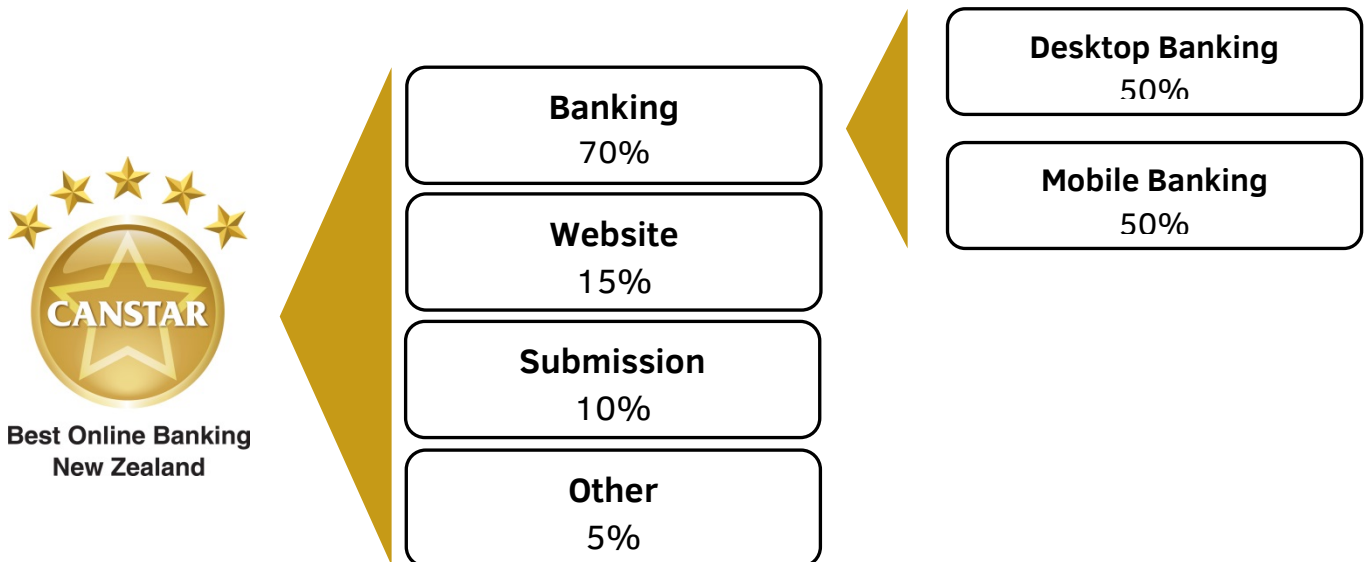
We congratulate Westpac on their win this year and look forward to tracking their developments over the next twelve months.

CANSTAR's *Online Banking Award* considers a variety of criteria to help you compare internet banking products. In order to offer the most complete picture of banking online in New Zealand, we also compared online banking security, mobile phone banking, online reporting and customer support.



ONLINE BANKING NEW ZEALAND

Overall Methodology



Categories Assessed

CANSTAR collected over 300 pieces of information on the online capability of New Zealand institutions. Information was centered on three main areas: Banking (the secure login), Website (the public, unsecure side of the website) and Innovation (how institutions are improving the online banking landscape). CANSTAR also tests the usability of a number of online banking tasks and scores them based on number of steps to complete. Within these areas, points are allocated for how well the three were integrated. The details and weightings of each category are as follows:

BANKING

The category within the methodology that is awarded the highest score is Banking. The methodology considers various components within the Banking category which are then assessed over different online banking platforms. “Banking and other services” that are evaluated as part of this category look at: Transactions – transfer limits, bill payments, processing of different transactions; Payment Management – ability to schedule payments, modification of repayments and payees; and Access to other services such as insurance and KiwiSaver. “Personal Finance Management” assesses account information, budgeting tools, finance tool and calculators. Ability to change personal details, daily limits and place temporary locks/hold on cards are all assessed under “Self Service”. Lastly “Product Applications” evaluates the ability to apply for new products and monitor product application progress. To receive a high score in this category the institution must not only have a comprehensive Desktop capabilities that will offer all of the features, but also offer a highly optimised mobile platform that does the same.

Feature Category	Desktop	Mobile	Examples of data captured
Banking and Other Services	40%	65%	
<i>Transactions</i>	70%	70%	<i>Transfers, Bill payments, Transfer Limits, Processing</i>
<i>Payment Management</i>	20%	20%	<i>Create, Schedule and Manage Payments</i>
<i>Other Services</i>	10%	10%	<i>Access to other products through same login</i>
Personal Finance Management	35%	15%	<i>Online Statements, Transaction history, Graphing tools</i>
<i>Account Status and Statements</i>	70%	70%	<i>Account Balances, Statements, Transaction History</i>
<i>Budgeting Tools</i>	20%	20%	<i>Integrated budgeting tools, spend categorisation and graphing</i>
<i>Other Tools</i>	10%	10%	<i>Access to other finance tools within same login</i>
Self Service	15%	10%	<i>Change personal details, Personalisation, Modify limits</i>
Product Applications	10%	10%	<i>Product applications through login</i>

WEBSITE

Website capabilities is another category considered within the methodology for Online Banking. The category analyses Product Application, Consumer Education tools, Ease of use, Online help, Web 2.0 Public Interaction and Location Services over two different online banking platforms, desktop and mobile. Product Application evaluates Online ID Verification capabilities and application approvals over different products such as Home Loans, Credit cards and Deposit Accounts. Consumer Education tools assesses what tools and calculators does the institution offer to its customers, and if these tools are optimised for a mobile. Online help and Web 2.0 considers different online channels than can be used by customers either to receive online help, or leave public feedback/comments. Website features impact greatly on user experience and usability, hence it is very important for an institution to offer complete services not only on the desktop but also on the mobile platform.

Feature Category	Desktop	Mobile	Examples of data captured
Product Applications	40%	30%	
Home Loans	20%	20%	Paperless applications, Instant approvals, Save progress
Deposit Accounts	20%	20%	Paperless applications, Instant approvals, Save progress
Credit Cards	20%	20%	Paperless applications, Instant approvals, Save progress
Personal Loans	20%	20%	Paperless applications, Instant approvals, Save progress
Online ID Verification	20%	20%	Information used: eg. Email, Mobile, Drivers Licence
Consumer Education/Tools	20%	10%	Calculators, Budgeting advice/tools, Online Videos
Ease of Use	15%	20%	
Website Split	35%	15%	Personal, Business, Agribusiness
Quick Links	15%	35%	Rate & fees, Calculators, Exchange rates
How consumers find products	30%	40%	Direct links, Need based links
Transparency	20%	10%	All fees listed, PDS available online, Direct link to PDS
Online Help	15%	15%	Online chat, Phone-back, Email
Web 2.0 Public Interaction	5%	5%	Active Twitter /Facebook account, Response team available
Location Services	5%	20%	ATM/Branch by postcode or address

ONLINE BANKING SUBMISSION

CANSTAR also takes into consideration the way in which New Zealand banking institutions are enhancing the online banking experience for New Zealanders. This is done with a submission from all of participating banking institutions in New Zealand, to demonstrate the contribution they have made to online banking in New Zealand.

The evaluation of the submission is based on three different criteria. The first one looks at the enhancements the institution has made to improve the overall user experience in the last 12 months, may it be introduction of new features or making the online banking platform easier to use. The second criterion looks at the defining features of the submission. Defining features are something that set the institution's online banking platform apart from others. Lastly, CANSTAR analyses the impact of the submission on the industry and how the innovative products or features are changing the landscape of Online Banking.

OTHER

The last category CANSTAR considers within the Online Banking Methodology is Other Banking Features. It evaluates numerous Communication tools the Institution offers on its online banking platform, such as different alerts or online help. Various Security offerings available to customers, compatibility of online banking platforms across different devices and extensiveness of location services are all analysed within this category.

Feature Category	Weight	Examples of data captured
Communication	30%	
<i>Alerts</i>	40%	<i>Email/SMS Alerts/Push</i>
<i>Help</i>	60%	<i>Online chat, Phone-back, Secure mail</i>
Security	40%	<i>Extended CV Certificate, Secondary Authentication</i>
Availability	10%	<i>iPhone, Android, Mobile optimised website</i>
Location Services	20%	<i>ATM and Branch Locator</i>

How often are all the products reviewed for rating purposes?

All ratings are fully recalculated annually based on the latest features offered by each lender. CANSTAR also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazines, television, websites etc).

Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.co.nz if you would like to view the latest star ratings reports of interest.



- Business deposits
- Credit cards
- Credit card rewards
- Home loans
- KiwiSaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts

COPYRIGHT & TRADEMARKS

© CANSTAR New Zealand Limited (3225469), 2008-2014. The recipient must not reproduce or transmit to third parties the whole or any part of this work, whether attributed to CANSTAR or not, unless with prior written permission from CANSTAR, which if provided, may be provided on conditions.

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), are trademarks or registered trademarks of CANSTAR Pty Ltd A.C.N. 053 646 165. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of CANSTAR by the respective trademark owner.

DISCLAIMER

To the extent that any CANSTAR data, ratings or commentary constitutes general advice, this advice has been prepared by CANSTAR New Zealand Limited (3225469) FSP 200146 and does not take into account your individual investment objectives, financial circumstances or needs. Information provided does not constitute financial, taxation or other professional advice and should not be relied upon as such. CANSTAR recommends that, before you make any financial decision, you seek professional advice from a suitably qualified adviser. A Product Disclosure Statement relating to the product should also be obtained and considered before making any decision about whether to acquire the product. CANSTAR acknowledges that past performance is not a reliable indicator of future performance.





Online Banking Award

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. This is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Banking

Institution	Desktop					Smartphone				
	Transfer from Home Screen	Bank Statements Available Online	Intergrated Budgeting Tools	Set Goal Savings	Activate Credit/Debit Cards	Transfer from Home Screen	Quick Balance	Intergrated Budgeting Tools	Set Goal Savings	Activate Credit/Debit Cards
ANZ Bank	✓	✓	✗	✗	✗	✗	✓	✗	✗	✗
ASB Bank	✗	✓	✓	✗	✓	✗	✓	✗	✗	✗
Bank of New Zealand	✓	✓	✗	✓	✗	✓	✓	✗	✓	✗
HSBC	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Kiwibank	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓
SBS Bank	✗	✓	✗	✗	✗	✗	✓	✗	✗	✗
Westpac	✓	✓	✓	✗	✗	✓	✓	✓	✗	✗



Online Banking Award

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. This is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Other

Institution	Desktop & Smartphone								
	Email Alerts	SMS Alerts	Ability to Register Credit Card to Prevent Fraud	24hr Helpline	Auto Log-off	Specific Iphone App	Specific Android App	Secondry Authentication New Payee/Biller	Dynamic Intergration between Devices
ANZ Bank	✓	✓	✗	✗	✓	✓	✓	✓	✗
ASB Bank	✓	✓	✓	✓	✓	✓	✓	✓	✗
Bank of New Zealand	✓	✓	✓	✓	✓	✓	✓	✓	✓
HSBC	✗	✗	✗	✓	✓	✗	✗	✗	✗
Kiwibank	✓	✓	✓	✗	✓	✓	✓	✓	✓
SBS Bank	✗	✓	✗	✗	✓	✗	✗	✓	✓
Westpac	✓	✓	✓	✗	✓	✓	✓	✓	✓



Online Banking Award

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. This is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Website

Institution	Desktop					Smartphone				
	Online Application Deposit Accounts	Online Application Home Loan	Mortgage Repayments Calcualtor	Savings Calculator	ATM by Postcode	Online Application Deposit Accounts	Online Application Home Loan	Mortgage Repayments Calcualtor	Savings Calculator	ATM by Postcode
ANZ Bank	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓
ASB Bank	✓	✗	✓	✓	✓	✓	✗	✗	✗	✗
Bank of New Zealand	✓	✓	✓	✓	✓	✗	✗	✗	✗	✓
HSBC	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗
Kiwibank	✓	✓	✓	✓	✗	✓	✗	✓	✓	✓
SBS Bank	✗	✓	✓	✗	✗	✗	✗	✓	✗	✗
Westpac	✓	✓	✓	✓	✓	✗	✓	✗	✗	✓